- Convenience Translation –

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11 May 2015
Ref. no.: BA 11-K 5112-100003-2013/0002 (please always state)
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My audit order dated 13 August 2013
Audit report for the IBOR special audit by Ernst & Young dated 31 March 2015
Enclosures: 1 (Audit Report)

Dear Sirs:

I am sending you enclosed the report on the special audit pursuant to Sec. 44 (1) sentence 2 German Banking Act [*Kreditwesengesetz*, "KWG"] of the auditing firm Ernst & Young ("EY") on the forensic and organizational audit of the treatment of reference interest rates and the relevant business environment in the investment bank as well as my analysis and evaluation of this report.

I will send you immediately a supervisory assessment, also in the overall view with other audit reports. I already wish to advise at this point that I will also conclusively examine imposing banking supervisory measures in this context which I consider to be necessary.

Overall, the audit report discloses major misconduct by various traders of Deutsche Bank, and by at least one member of the management of Deutsche Bank, London Branch, as well as in part major failures by members of the Management Board or the Group Executive Committee. There are also substantial organizational defects in dealing with reference interest rates and in the business environment of submissions, including the control mechanisms and the technical infrastructure, which continued, despite what had happened previously, at least until the end of the year beginning 2013/beginning of the year 2014.

Although EY concludes that no indications were found that you or former members of the Management Board as well as the GEC (cf. below with regard to the details and exceptions) knew about manipulations by employees of DB prior to the year 2011 or instructed employees to engage in manipulations, a business and organizational environment was created which was favourable to incorrect IBOR submissions or even made them possible in the first place. The senior management of this business must face the allegations of having acted negligently in that, by creating the corresponding environment, it favoured practices that exploited conflicts of interest and ignored organizational duties pursuant to Sec. 25a KWG in conjunction with MaRisk as well as other provisions in the law. If the measures required for

proper management had been taken here in a timely manner or if the matter had at least subsequently been dealt with differently on the whole, this could not only have been saved immense costs for the Bank, but the trustworthiness of the Bank would not have been harmed in such a manner, either. This is also apparent from the documents published by the US and UK public authorities in the IBOR matter.

My findings are summarized below, and I consider most of them to be individually, but definitely in the aggregate, to be extremely serious.

1) Personal involvement of traders and managers of DB in IBOR acts constituting manipulation

Individual traders have been proven to have engaged in conspicuous and inappropriate communications in connection with IBOR submissions. Among the traders to be named are the traders Christian Bittar, Guillaume Adolph, Mike Curtler, Carl Maine, Olesya Skofenko, Ardalan Gharagozlou, Kai-Uwe Kappauf, Markus Kiekenbeck and Jörg Vogt.

It has already been known and documented for some time that Mr. David Nicholls, who until July 2008 was Head of Global Finance Europe and, from July 2008, Global Head of Core GFFX and who directly reported to Mr. Alan Cloete and has no longer worked for DB since the beginning of 2013, issued a written inappropriate instruction in at least one instance ("make sure our libors are on the low side for all ccys.", cf. the Set of Exhibits, Exhibit 21) (cf. TB I, margin no. 84 and the Audit Report by the *Deutsche Bundesbank* dated 9 November 2012, Senior Management Review, margin no. 39). Although Mr. Nicholls was not a member of the Management Board or a member of the GEC, this must be considered to be a serious matter due to his position and the harmful effect of such a senior instruction within the hierarchy of DB.

Proof that Mr. Cloete knew about acts of manipulation by DB traders even prior to 2011 was not provided by EY. However, according to EY, the very close informal communication between Mr. Cloete and Mr. Nicholls must also be considered, as a result of which EY states that it cannot exclude the possibility that Mr. Cloete already knew about manipulations by employees of DB even prior to June 2011 (TB I, margin no. 99). Further, EY concludes that, considering the further fact that Mr. Nicholls, according to his own statements, always kept Mr. Cloete informed about the trading strategy and the assumed risk, which normally occurred on specific occasions and generally personally because they had their offices directly next to each other in London, it is even likely that Mr. Cloete knew about the directive from Mr. Nicholls to Mr. Curtler in October 2007 - "make sure our libors are on the low side for all ccys." - or that Mr. Cloete might even himself have issued this directive.(cf. TB I, margin no. 84).

With regard to Me Faissola, EY states that there are indicatons (consisting of an analysis by the trader Shivani Mathur about the arbitrary nature of the IBOR submissions by DB and other panel banks) that the possibility cannot be excluded, in any event, that he also knew about manipulations prior to 2011 (TB I, margin no. 71).

According to the statement made to DB and EY by Ms. Mathur, Mr. Faissola asked her in 2008 to transmit her trading positions to the trading colleagues at the Frankfurt Cash Desk who were involved with IBOR submissions so that the corresponding positions – in addition to the purpose of hedging – could also be taken into account in the context of EURIBOR submissions (the intention of Ms. Mathur is not reflected in TB I, margin nos. 862 et seqq., but this is proven by DB record and documented in the EY interview). Thus, there is a further indication

that Mr. Faissola could have known about the manipulations by DB traders already in 2008. A further aspect is that he might even have supported the manipulations by making the request to the trader Mathur. In a discussion I conducted with Mr. Faissola in our offices on 23 March 2015, I learned that Mr. Faissola denies any memory about a corresponding request to Ms. Mathur and points out that the transmission of trading positions to the Cash Desk was common in the context of hedging. I also understood from his statement that he had only been concerned with hedging risks as far as Ms. Mathur was concerned and that he had never discussed IBOR submissions with her, particularly since his position in the hierarchy had been four levels above that of Ms. Mathur and he therefore hardly had had any contact with her.

The above findings and suspicious facts give me particular cause for worry and raise considerable concerns especially in light of the fact that Mr. Cloete and Mr. Faissola are GEC members of DB who work at a sensitive place at DB and, therefore, should be above all suspicion. In my view, and in accordance with the assessment by EY with regard to Mr. Cloete, there remain major doubts related to his personal knowledge of manipulations, or even his instruction to engage in manipulations, prior to June 2011. There remain also doubts with regard to Mr. Faissola.

2) Knowledge of employees of DB about discussions in the market concerning the possibility of manipulations of the LIBOR in 2007/2008

The findings of EY show that, in the first half of 2008, there were rumors and discussions in the market about LIBOR submissions which deviated from the market, and about the susceptibility of the LIBOR to manipulation and that at DB, among others, Mr. Cloete, Mr. Nicholls, Mr. Faissola, Mr. Broeksmit, Mr. Curtler and Mr. Aldington worked on this topic and also informed Mr. Jain as the person responsible for GM and, thus, also the GFFX division, about this (cf., TB I, margin nos. 511 et seqq.). The following findings of fact show how urgent it would have been already in 2008 to investigate the GFFX division with regard to the possibility of acts by its traders which manipulated LIBOR but such an investigation was not conducted. Furthermore, they show that Mr. Jain had been informed already in 2008 about the discussions in the market relating to the susceptibility of the LIBOR to manipulation.

Mr. Faissola reported to Mr. Jain – for the first time, according to the information available to EY – about LIBOR submissions which deviated from the market by e-mail dated 21 August 2007 after Mr. Faissola had forwarded to Mr. Jian e-mail correspondence that had been conducted previously with Mr. Broeksmit (TB I, margin no. 511 and Set of Exhibits, Exhibit 1).

In an e-mail dated 7 March 2008, Mr. Nicholls informed Mr. Jain, Mr. Cloete and Mr. Faissola that the interbank markets were moving in a divergent direction and that there were banks which were trying to obtain liquidity for up to 50 basis points above the reference interest rate they had determined (cf. TB I, margin no. 518 and Set of Exhibits, Exhibit 2). The necessary conclusion based on this information was that banks had reported reference rates which were too low.

An article appeared in the Wall Street Journal ("Bankers cast doubt on key rate amid crisis"; Set of Exhibits, Exhibit 3) on 16 April 2008 in which there was a report about the concerns of market participants with regard to the reliability of the LIBOR; this involved "lowballing", and in one paragraph also the possibility of transmitting false interest rates in order to profit from derivative transactions as well as the possibility of collusion among banks if a sufficient number of institutions coordinated their conduct (Set of Exhibits, Exhibit 3; cf. also, TB I,

margin nos. 519-522). In an e-mail dated 16 April 2008, the WSJ article was sent by Mr. Krishna Memani internally within the bank to an unknown group of recipients (TB I, margin no. 523). This was followed by e-mail communications concerning this WSJ article between Mr. Boaz Weinstein and Mr. Alan Cloete; Mr. Cloete stated that the LIBOR no longer represented a realistic ratio (TB I, margin nos. 523-525).

On 17 April 2008, there was a telephone call between Mr. David Nicholls, Mr. Mike Curtler and Mr. John Ewan of the BBA in which Mr. Nicholls referred to the above WSJ article. Mr. Nicholls stated, contrary to his better knowledge, that the WSJ article contained wrong information and that there could be no talk about any traders manipulating the LIBOR in order to maximize profit or banks working together in a collusive manner (TB 1, margin nos. 529-535).

The discussion about the calculation of the LIBOR that made the rounds in the market following the WSJ article was the subject of two e-mails from Mr. Cloete to Mr. Jain on 20 April 2008 and 15 May 2008: Mr. Cloete referred in his e-mails to the rumors about the LIBOR ("...recent noise about how libor calculated..."; "...the noise around the LIBOR benchmarking..."; cf. TB I, margin nos. 538-540). This shows that Mr. Jain was informed about the LIBOR discussion in the market in the first half of the year 2008.

A meeting of the BBA took place in May 2008 with the LIBOR panel banks concerning the issue of changing the submission process, and DB was represented by Mr. Nicholls and Mr. Curtler. In advance of the meeting, Mr. Cloete, Mr. Faissola, Mr. Aldington and Mr. Nicholls had agreed that, in the view of DB, the changes in the fixing of the LIBOR should be as small as possible (TB I, margin nos. 553 et seq.; especially margin nos. 557-560 and 565 as well as the Set of Exhibits, Exhibit 7).

Global Markets Research sent a report with the title "Repairing Libor" to a distribution list on the 27 June 2008, including also to Mr. Jain and Mr. Faissola. The report concerns the pending notification of the BBA concerning the result of its investigation of LIBOR fixing. Reference is also made in the report to the possibility that banks were submitting incorrect submissions and the possibility of collusive conduct by banks, both of which, however, were considered to be unlikely. However, this report again raised the issue about the possibility of manipulating the LIBOR, even though this was considered to be improbable (TB I, margin nos. 572 et seq.).

In view of the discussion about the reliability of the LIBOR, on 1 June 2008, Mr. Timothy Geithner regional head of the Fed at the time, submitted recommendations to the Bank of England for preventing unintentional or intentional incorrect submissions (TB I, margin nos. 567). Dr. Leithner stated on this point in an e-mail of 20 February 2013 to Mr. Michael Golden, which he also forwarded on the same day to Mr. Jain, that it would be better if these recommendations by Timothy Geithner and the discussion about the LIBOR conducted in 2008 were not mentioned to the press because otherwise the question would be raised about why nobody at DB had reacted at that time (TB I, margin nos. 187; 687-691; 766).

On 10 June 2008, Mr. Jain met with representatives of the Bank of England; he was informed in advance of this meeting by Mr. Charles Aldington that he would also be asked about LIBOR (TB I, margin nos. 577 et seq.). At the request of Mr. Aldington, Mr. Cloete informed Mr. Jain about the results of a meeting of Mr. Nicholls with the BBA in April 2008 prior to Mr. Jain's meeting with the Bank of England; Mr. Cloete again referred in his e-mail to incorrect LIBOR

submissions by individual banks and explained that the BBA had examined possibilities of modifying the LIBOR submission process, for example, by increasing the number of panel banks (cf., TB 1, margin nos. 107 and Set of Exhibits, Exhibit 12), Mr. Jain stated to EY that he could not remember whether the LIBOR issue had been discussed at the meeting with the Bank of England (TB I, margin no. 108).

In November 2008, Ms. Shivani Mathur, a trader in the Rates division at DB, prepared an analysis about the random nature of IBOR submissions of Deutsche Bank and other panel banks ("Analysis of the randomness of the interbank offered rate submissions of DB and other panel banks"), in which she concluded the EURIBOR rates had been transmitted initially by DB and subsequently by French banks which, in part, were substantially below the corresponding average rates of the EURIBOR. She transmitted this analysis to Mr. Michele Faissola. Ms. Mathur stated to EY that she had prepared the analysis in order to justify the results in her trading books for her superiors (TB I, margin nos. 600 et seqq.).

As mentioned above, the stated facts clearly show that it would already have been necessary for DB in 2008 to conduct an investigation of the GFFX business with regard to the possibility of LIBOR manipulations.

3) Organizational parameters and environment surrounding the IBOR submission

The findings concerning the subject matter of the organizational parameters and the environment for the IBOR submissions show that, starting in the year 2007, there was a business culture and a general framework shaped by the management at least up to the level of Mr. Jain and Mr. Cloete which favoured problematic communications and (attempted) IBOR manipulation. The role of Mr. Cloete appears to be predominant and problematic in several respects. However, this also applies to Mr. Jain, albeit at a higher and less direct level of responsibility.

The goal of the reorganization of the seating order in the trading division in London in the year 2005, which resulted in traders and submitters sitting together, was to achieve an open communication between both functions, especially also with regard to the LIBOR. The reorganization of the GFFX sector was initiated by Mr. Jain who was also decisively responsible for this; Mr. Cloete implemented the reorganization.

There is a connection with regard to timing between the reorganization of the GFFX division (with the MMD desk), the change in the trading strategy up to making intense use of IBOR spreads and the generation of profits in a range which had never been realized previously (or afterwards). Although the auditors of EY conclude that they could not identify any direct causal connection between the reorganization of the business division and the generation of particularly high trading results (TB I, margin no. 975), I am of the view, based on the facts identified by EY and the close relationship entwined between the changed seating order in the trading room in London and the generated higher profits, that - in addition to the new trading strategy and the changed situation in the market - also the reorganization of the trading division (with the improved possibility for communication between traders and submitters) was at least an indirect cause of higher profits and favoured this development. The stated indirect effect is seen in the fact that the control environment of the bank in the GFFX division was by far not sufficient to prevent conflicts of interest and the exploitation of these conflicts of interest, be it in the context of trading transactions or in connection with attempted exercise of influence on reference interest rates.

The MMD desk had substantially higher earnings in the period between August 2007 and March/April 2010 than had been previously or subsequently generated. There was a significant increase in the P&L for the first time in August 2007. The profits were particularly drastic in 2008 (EUR 1.9 billion). The profits were also clearly increased at EUR1.0 billion in 2009 (TB I, margin nos. 900 et seq). Mr. Jain knew the trading strategy and the trading result of the MMD desk at the latest starting on 30 August 2007. Mr. Cloete explained to him the trading strategy of the MMD desk and indicated that, especially the trader Christian Bittar had been very successful (TB I, margin no. 906).

The high profits of the MMD desk were the subject of two internal investigations at the bank. These investigations conducted by Mr. Broeksmit and the Business Integrity Review Group (BIRG), however, were not completely independent, not comprehensive and did not go deep enough. As a result of the so called Broeksmit investigation, ordered by Mr. Jain in January 2009, assurance was supposed to be obtained that the profits of the MMD desk/of Mr. Bittar were real and had not been caused by false valuations or internal transactions (TB I, margin nos. 910 et seq.). It must be noted in this regard that it would have been mandatory, in my view, to examine the profits under the aspect of compliance and potential IBOR manipulation and not just as to whether these profits were real and did not exist only on paper. In the interest of the "first line of defence", Mr. Jain should have triggered a comprehensive compliance check and, if applicable, an investigation as quickly as possible.

Mr. Ritchotte requested the BIRG investigation; he stated to EY that so much money had never been earned before and that it was a cardinal rule in risk management that there was cause for concern if a great amount of money was earned or if a great amount of money was lost. BIRG was supposed to look for fraud in this situation (TB I, margin no. 913), but BIRG found nothing (on this point, see below), despite an analysis of communications data, including also Mr. Bittar's suspicious communications.

In addition to the physical parameters, there were also specific instructions by Mr. Nicholls in the trading division which promoted agreements and improper conduct in violation of conflicts of interest and compliance requirements. EY found that traders at the MMD desk in London were required by David Nicholls to regularly communicate with traders at the Frankfurt Cash Desk (TB 1, margin no. 869). The assertions by Mr. Kappauf, as one of four Frankfurt traders at the Cash Desk who were dismissed by DB on the basis of manipulations of IBOR and who for their part state that they were instructed by DB to regularly communicate with the MMD desk in London, must also be mentioned. He informed EY that, from 2005 onwards, the communications between traders in Frankfurt and London greatly increased, especially when Mr. Andreas Hauschild left as Head of GF Continental Europe at the end of 2006 (TB I, margin no. 871). Mr. Bittar stated to EY that all reference interest rates had been openly discussed between derivatives and cash traders and that the tables for the traders had been arranged in such manner so that this communication was possible with the full knowledge of senior management (TB I, margin no. 871); he said that conflicts of interest had been ignored, and was not able to recall that concerns had been expressed with regard to compliance (TB I, margin no. 872).

There are also clear indications that the bonus-driven compensation system gave rise to or reinforced an interest of traders in certain developments in the interest rates and that the trading strategy established by the management of the trading division additionally furthered this interest.

The conflicts of interest that arose between traders and submitters as a result of the lack of separation of the functions and the circumstance that the compensation system established a particular incentive for exploiting these conflicts of interest, in my view, should have been recognized by the senior management of DB, at least to the extent that the management responsible for the trading division is concerned. According to the findings of EY, such conflicts of interest were actively triggered or reinforced as a result of the new organizational structure of the GFFX division. In view of the facts described above, I do not share the assessment by the auditors that the corresponding conflicts of interest had "not been recognized by senior management" (TB I, margin no. 973).

It must be noted that it was primarily the trader Christian Bittar who generated the extraordinary profits and that attention had been drawn to him also as a result of conspicuous communications and thus attempted manipulations. Even if no connection can be proven between the suspicious communications and the extraordinary high profits, there are many indications that - in addition to the new trading strategy starting in 2008 and the greater differences between short-term and long-term LIBOR rates resulting from the financial crisis - in any event, the problematic communications or even attempted manipulations were also the reason for the enormous trading results.

According to my assessment, the relationship of Mr. Bittar to his superiors was quite remarkable. Mr. Bittar was the predominant trader in the GFFX division and was also treated accordingly. Mr. Jain, who was Global Head of Global Markets in 2008, knew and promoted Mr. Bittar and supported Mr. Bittar's entitlement to a bonus before Dr. Ackermann, as is apparent from a telephone call between Mr. Jain and Dr. Ackermann on 7 January 2007 in which Mr. Jain referred to Christian Bittar and Carl Maine, among other words, as "...good guys, they are the best people on the street" and "...the best guys we have got" (TB I, margin nos. 120; 1281).

Mr. Jain himself had obviously approved the earnings-based bonus, which Mr. Bittar received from 2004, within 24 hours in light of the fact that Mr. Bittar wanted to give notice of termination due to an offer he had from a competitor (TB I, margin nos. 1249 et seq.). Mr. Jain informed Dr. Ackermann about great profits ("mountain of money") in the telephone call on 7 January 2009 (cf., TB I, margin nos. 1281 et seq.) and that, as a consequence, the extremely high bonus claim of Mr. Bittar and Mr. Maine in a total of EUR 130 million had been agreed and that half of the bonus claim was supposed to be paid out only in the next year. He referred to Mr. Bittar as a "guaranteed money maker" (TB I, margin nos. 120; 1282).

Attention is drawn to the coincidence in terms of time between sending Mr. Bittar to Singapore at the beginning of 2010 and the first inquiries from regulators on 13 January 2010 and 5 February 2010 (by the SEC). EY also states in this regard that no communication could be identified supporting the allegation made by Mr. Bittar that he had already asked for a transfer to Singapore in 2007 (TB I, margin no. 1234).

The enormous increase in the trading profits of Mr. Bittar and, thus, also the enormous increase in his bonus entitlements coincide in terms of time with the restructuring of the GFFX division. The question accordingly arises as to whether and to what extent the restructuring of the division by Mr. Jain and Mr. Cloete was specifically made in order to give, among others, Mr. Bittar the possibility of directly communicating with the submitters and accordingly achieving higher trading profits. In any event, the coincidence in timing between the physical changes in the GGFX division and the substantially increased trading profits at DB is remarkable.

It follows from the contradictory statements of Mr. Cloete and Mr. Bittar concerning the content of their private discussions in a London hotel in the context of the dismissal of Mr. Bittar that either Mr. Cloete made untruthful statements to EY or that Mr. Bittar or his attorneys made untruthful statements in their letters to DB. According to the allegations by the attorneys of Mr. Bittar, which Mr. Cloete disputes, Mr. Cloete supposedly informed Mr. Bittar that he (Mr. Bittar) had not done anything wrong and that he was instead a victim of "all these internal and external politics" (TB I, margin no. 1326). This statement of Mr. Bittar - assuming that it is true - can be an indication that Mr. Cloete knew about the attempted manipulations on the part of Mr. Bittar already at that time.

It is remarkable in this context that also three of the four Frankfurt IBOR traders who were dismissed by DB and who filed complaints against the termination of employment made statements which, assuming that they are correct, could give rise to the conclusion that Mr. Cloete was involved in the false submissions, that he had no interest in changing the process and taking consequences, that he was not convinced of the necessity of an investigation or substantive changes and that he only acted because he saw no other way to avoid being drawn into the focus of the investigations. The fact that this conclusion is everything other than remote despite the statements that have been disputed by Mr. Cloete is also apparent in the overall view of the elements of suspicion concerning Mr. Cloete in the discussion about his responsibilities below. In any event, this raises substantial doubts about the believability of Mr. Cloete as a result of the overall impressions and the large number of contradictory statements.

4) Reporting lines and controls in the trading division in the context of the IBOR submissions

In terms of risk management and control environment, there were considerable deficits in the GFFX division (and, within such division, in the MMD Desk), which was responsible for the IBOR submissions. The findings of EY, of which only the main facts are dealt with below, lead to the inevitable conclusion that this business division was obviously focused on the maximization of profit with a claim to almost absolute validity, without, however, putting in place any even remotely well-matched control. As a result of the lack of balance created by the management, this paved the way for an environment which would urgently have required strong control functions and a corresponding risk management culture not only because of statutory, especially regulatory, requirements but also in the bank's own interest in an effective risk management. Moreover, an early investigation and analysis that were not merely superficial or even possibly biased in finding the results would have been imperative.

EY arrives at the following conclusions with regard to the reporting and responsibility lines which, according to the regulatory authority's understanding, constitute the basic framework for initial control and responsibility in the first line of defense:

The written reporting lines were in part incomplete and contradictory and the everyday practice deviated from the prescribed structure (TB 1, margin nos. 1161 et seq.). No requirements or standards existed on the monitoring of the trading activities and no further specification was given by the GFFX division (as from 2012: FIC), either (TB I, margin no. 1163). Implemented control tools, such as trader mandates, were used only to a limited extent and also the performance management process, which served to assess employees, was implemented quite differently at various hierarchy levels and locations (TB I, margin no. 1164).

The focus in the GFFX division was clearly on the business figures and not on compliance by the employees. EY bases this conclusion on the fact that a number of individuals in the GFFX division, including Mr. Curtler, Mr. Bittar and Mr. Nicholls, did not complete their mandatory compliance training (TB I, margin no. 1057). The employees' conduct is reflected by their superiors. For example, EY found that the completion of the mandatory trainings by GFFX/FIC employees was not effectively monitored although the senior management, namely Mr. Jain and Mr. Cloete, knew that these mandatory trainings did not receive the required attention (TB I, margin no. 1164).

Regarding the intensity with which management and senior management were involved in the handling of trading strategies and risk positions EY notes as follows:

The reporting lines in the context of the IBOR submissions provide information on areas of responsibility and monitoring obligations, in particular under the aspect of sufficient risk controls. In this context, it becomes clear that the control environment at DB, which was particularly important due to the high risks in the trading division, was characterized by considerable weaknesses. This, in turn, facilitated and fostered the problematic conduct by individual traders in respect of certain trading strategies depending on reference rates and in respect of conflict-prone conduct surrounding communications and submissions. It thus had both a direct and indirect impact on the IBOR submissions.

Here, too, Mr. Cloete is in a prominent position and bears a particular responsibility in several respects. This also applies at least in part, and again at an even higher level of responsibility, to Mr. Jain.

EY finds that the undisputed reporting line relevant for the present investigation led from Mr. David Nicholls via Mr. Alan Cloete to Mr. Anshu Jain and, until 2009, from the latter to Dr. Josef Ackermann (TB I, margin no. 1034).

According to Mr. Bittar, Mr. Cloete changed the original organizational structure of the GFFX division, which was based on product lines, to an organizational structure based on geographical criteria. He added that the reporting lines were difficult to depict in an organization chart (TB I, margin no. 1033).

During the period investigated by EY (January 2007 until June 2013), Mr. Jain, Mr. Cloete and Mr. Nicholls were informed on a daily basis by way of a formal reporting of the risk positions and in particular the P&L developments in the GFFX division (TB I, margin no. 1084).

Mr. Bittar stated to EY that he had spoken in person with Mr. Nicholls and Mr. Cloete when necessary (TB I. margin no. 1086). Mr. Nicholls told EY that, in the years 2007 to 2009, he had more regular contact than before with Mr. Jain in the context of GMEC meetings. He added that, outside of that committee, communications to Mr. Jain had been via Mr. Cloete (TB I, margin no. 1092).

Mr. Nicholls held so-called "Monday Risk Calls", in which traders from London, New York, Tokyo and Frankfurt who reported to Mr. Nicholls discussed with each other and with their supervisor the market events as well as their trading strategy and trading positions. Mr. Nicholls issued clear instructions to the traders on how to proceed in these calls (TB I, margin nos. 1096 et seqq.).

Mr. Cloete's workspace was in the immediate vicinity of Mr. Nicholls and Mr. Bittar. There were regular conversations between Mr. Cloete and Mr. Nicholls and ad hoc conversations

about certain topics between Mr. Cloete and Mr. Bittar (TB I, margin nos. 1104 et seq.). Mr. Bittar told EY that there was no direct reporting line to Mr. Jain but that he had met him several times (TB I, margin no. 1107).

In summary, EY finds that the senior management, i.e., Mr. Jain, Mr. Cloete and Mr. Nicholls, dealt with the trading positions of the GFFX division on a daily and event-driven basis, mostly orally and at a bilateral level (TB I, margin no. 1111). Mr. Cloete and Mr. Jain regularly monitored the trading positions and the developments thereof in the GFFX division. In contrast, EY has not found any indications of any direct involvement of Dr. Ackermann in the monitoring of the trading activities (TB I, margin no. 1145).

In DB's risk management, several deficits existed in the relevant period according to various investigations. According to an investigation by Oliver Wyman in 2007, there were, among other things, methodological weaknesses in risk measurement and deficits in risk monitoring; Deutsche Bundesbank identified in 2009 a number of organizational and structural deficits, including with regard to the processes for monitoring market price risks, and McKinsey criticized, also in 2009, that in particular successful divisions were not sufficiently scrutinized (TB I, margin no. 923). Moreover, the VaR of the GFFX division exceeded the statutory VaR limit as from November 2008 for several months (TB I, margin no. 932). In addition, Mr. Cloete expressly permitted Mr. Bittar to continue pursuing his trading strategy, including the high risks associated therewith, although Mr. Bittar frequently exceeded the limits prescribed by the risk function ("Keep going you doing great", TB I, margin nos. 1114 et seq.). Mr. Bittar's supervisors (Mr. Nicholls, Mr. Cloete and Mr. Jain) were aware of and tolerated the fact that Mr. Bittar regularly exceeded trading limits (TB I, margin no. 1116).

As regards organizational and procedural responsibilities, an at least indirect responsibility of Mr. Cloete for the IBOR manipulations can be assumed. This conclusion also applies to Mr. Jain, albeit at an even higher level of responsibility.

Also the subsequent control and investigation of suspicious and presumably compliance-relevant facts and circumstances is in dire need of improvement.

The BIRG MMD review, for example, was not a complete or, considering the interference from the trading division, independent analysis (TB II, margin no. 190). The investigation was incomplete because the list of search terms used for the analysis of communications was not applied consistently to all data and to the entire period investigated, which constitutes a deviation from a forensic approach (TB II, margin no. 174). The investigation was evidently incomplete also because the suspicious communications subsequently discovered (of Mr. Bittar, among others) were precisely not detected in the communication analysis. The explanation given by employees of DB to Mr. Ritchotte, who could not understand why the BIRG review had not discovered any indications of IBOR manipulations, was that many of the suspicious communications had been in French or languages other than English and had therefore not been identified (TB II, margin no. 59). EY found that the entire communication analysis (a total of 830,000 documents) was conducted by Mr. Mulcany alone (TB II, margin no. 61), who also analyzed the communications in French despite not having command of the language (TB II, margin no. 175).

EY believes that the involvement of Mr. Cloete as head of the investigated division in the investigation by Internal Audit can be regarded as conspicuous (TB II, margin no. 191). Consequently, the BIRG review did not in any way constitute an independent investigation by Internal Audit.

According to my opinion, no plausible reasons are discernible why the head of a division which is being investigated by Internal Audit should interfere with the preparation of the report to an extent which is described as conspicuous even by employees of Internal Audit. This holds true all the more so for the fact that he glossed over contents of the report, which is, in fact, not tolerable from a bank-internal perspective, but even less so from a regulatory perspective. This should also have been noticed by DB, since even the lawyers of Slaughter & May mandated by your legal department arrived at the conclusion that Mr. Cloete's changes were to be deemed as euphemistic and afterwards required attenuation by Internal Audit. Therefore, the statements made by Mr. Cloete on the BIRG complex to the effect that he had not been competent to make any changes to the BIRG report hardly sound convincing to EY. This also appears problematic considering the function held by Mr. Cloete at DB.

Besides Mr. Cloete, also Mr. Jain was interested in the preliminary results of the BIRG review. In this context, further conspicuous aspects can be established. It is not comprehensible, for example, why compliance-relevant results of the review were presented to Mr. Jain on 30 November 2009 which were kept from the Management Board in a presentation of 8 December 2009, although such information was provided subsequently on 19 January 2010 (TB II, margin no. 134).

The explanation given by Mr. Kahlberg for the long time that had been needed to prepare the BIRG report fails to convince. There is good reason to assume that the delay was mainly due to the time-consuming coordination of the draft report, in particular with Mr. Cloete. Mr. Cloete's interference with the preparation of a report by Internal Audit, which went far beyond a legitimate coordination of the facts, is deemed highly problematic particularly under regulatory aspects but certainly also under bank-internal aspects and leaves questions regarding his role and regarding the reactions which would, in fact, have had to be taken in his and Mr. Jain's area of responsibility unanswered.

In January 2011, DB untruthfully confirmed to the BBA that a corresponding review of the LIBOR submission processes had had occurred in 2010 in accordance with the BBA requirements (TOR), which was not the case (see TB II, margin nos. 194 et seqq.). With respect to personal responsibilities for the issuance of the incorrect BBA confirmation for the year 2010, EY arrives at the following conclusions: Mr Curtler from the GFFX division knew of the BBA requirement to conduct and subsequently confirm controls of the submission process as early as mid-2009. As a DB representative at BBA, he himself took part in meetings in which the LIBOR-related BBA requirements were discussed (TB II, margin no. 211). Further, one might have expected from Ms. Nott as UK Regional Head of Group Audit and CIB Business partner that she, following receipt of the BBA's request for a confirmation of control, would have spent more time dealing with the contents of the request rather than with the questions as to who at DB should issue the confirmation (TB II, margin no. 342), a task finally accomplished by Mr. Jackson from the Compliance division (TB II, margin no. 344).

In light of the facts and assessments set out above, it can only be concluded with a view to the finding explained in the introduction that a strict risk management and control environment at all lines of defense, but in particular in the trading division itself (first line of defense), at least would have significantly impeded, if not even entirely precluded, any improper conduct.

5) Further organizational issues relating to submissions

In connection with the bank-internal investigation of the IBOR processes, the EY auditors have established further serious procedural deficits beyond the numerous findings regarding such investigation that are described in the separate audit report that has been available to you for some time. In summary, such deficits concern the handling of the communications platform Reuters Dealing 3000, the deletion of audio files and the answering of inquiries from regulatory authorities in connection with your internal investigation.

a) Reuters Dealing 3000

EY finds that not all relevant sources of communication were taken into account in the course of the bank-internal IBOR investigation led by DB Legal or were made available for third-party investigations (TB II, margin no.401). The reason for this was that not all existing platforms and software programs offering communication functions were taken into account in the EMARS data storage system, from which the sources of communication used for the internal IBOR investigation were extracted. This is due to the fact that, prior to September 2013, there was no uniform process for identifying platforms and software offering communication functions at DB and no periodic checks of EMARS had been implemented (TB II, margin no. 404).

This constitutes a serious omission for which various functions and persons at DB bear joint responsibility due to their own respective omissions.

The omission is, first of all, attributable to the GTO division, in which the so-called EMARS team was responsible for identifying communication applications in EMARS (TB II, margin nos. 394; 400). However, the team was not explicitly given the task to also control whether EMARS comprised all sources of communication (TB II, margin no. 404). Despite the fact that EY has no indications that GTO deliberately withheld information from DB Legal in the course of the bank-internal IBOR investigation on unrecorded communication applications (TB II, margin no. 394), Mr. Ritchotte and the former Management Board member Mr. Lamberti have to face the allegation of not having implemented any corresponding measures for ensuring completeness of EMARS in the beginning.

Further, it must be established that the Group Audit division did not check the completeness of the communication data in EMARS, either; Group Audit was initially managed by Mr. Giles (2005–2011) and Ms. Kaur (2011-2013) and thereafter by Mr. Falk (April-June 2013) and Mr. Sewing (since June 2013) (TB II, margin no. 396) Only after DB obtained knowledge of EMARS being incomplete in 2013 were corresponding measures taken (among other things, conduct of an internal and external investigation of the circumstances of the incompleteness of EMARS and introduction of a process for analyzing the communication functions of new software applications) (TB II, margin no, 397). According to EY's assessment, such measures were adequate and goal-oriented (TB II, margin no. 408).

DB Legal did not check the completeness of the sources of communication provided by GTO either. As DB Legal was responsible for DB's internal IBOR investigation, DB Legal or the Management Board members responsible for this area (until 31 May 2012: Dr. Bänziger, since then: Dr. Leithner) were therefore responsible for the incomplete analysis of all relevant sources of communication (TB II, margin nos. 392; 401). Even though, according to EY, there are no facts indicating that DB Legal knew that EMARS was incomplete or that DB Legal

deliberately excluded certain sources of communication from the bank-internal IBOR investigation (TB II, margin no. 393), considering the importance of the investigations, DB Legal would have been responsible for checking the completeness of the sources.

However, in addition to the foregoing and in addition to EY's conclusions, I believe that also the trading division itself should have questioned whether all sources of communication were available to DB Legal in the bank-internal investigation and to regulators in their respective external IBOR investigations. On the one hand, Mr. Jain and Mr. Cloete, too, should have been interested in completely and thoroughly clarifying the IBOR issues. The aim should have been to eliminate any existing deficiencies at least subsequently and to take corresponding organizational as well as personnel-related measures. On the other hand, at least Mr. Jain must also have been aware that, in the course of external audits, DB would have to issue attestations of completeness on a regular basis for which, in the specific IBOR issue, he would most likely have to share the responsibility.

b) Deletion of audio files

Contrary to the order issued in May 2011 by the FSA, the British supervisory authority at the time, to retain for investigation purposes any and all data and information on LIBOR, including telephone recordings, available as from 2006, audio files that were potentially relevant for the LIBOR investigation were destroyed in July 2012 (TB II, margin nos., 428; 435 et seq.). Even though EY comes to the conclusion that there were no facts indicating that these audio files of the years 2008/2009 had been deleted deliberately and intentionally, the deletion is the result of deficiencies in the relevant processes (TB II, margin no. 451) which I consider to be serious. The deletion of these files constitutes an unacceptable event, because they related to facts which were relevant for clarifying the circumstances underlying the investigations and which were withheld from the review by various supervisory authorities.

According to EY's findings, the deletion was due to the fact that, although the IPV Voice Team, which is part of GTO and responsible for the retention of audio files, had been instructed immediately in May 2011 to exempt all audio files available with respect to the LIBOR submissions from the standard deletion process (TB II, margin nos. 417; 441; 448), the IPV Voice Team assumed, however, that this instruction only related to the audio files of the preceding six months, which is the usual retention period applicable at DB for such files. As a result, in July 2012, audio files originating mainly from the years 2008 and 2009 were deleted which DB had retained in connection with the Lehman crisis and the contents of which might also have been relevant to LIBOR (TB II, margin no. 449). This can only have been caused by deficiencies in communication at DB as well as by a possible lack of or by an unclear allocation of responsibilities, which means that there must be severe organizational deficits.

In this context, Mr. Lamberti, who was the Management Board member responsible for GTO at the time the data request was received from the FSA, must face the serious reproach of not having implemented adequate processes to ensure an appropriate data storage. On the other hand, I cannot see any relevant responsibility on the part of Mr. Richotte considering that he had been appointed to the Management Board only shortly before.

I have noticed that you reacted to his incident in October 2013 and that, according to EY, corresponding measures were taken immediately which are appropriate (TB II, margin no. 457).

c) Incorrect content of the information given to regulators and to the BBA

In various cases, DB gave incorrect information to regulators and to the BBA – for the most part (i.e. to the FSA, the FCA and the BBA) even knowingly. These cases constitute severe breaches of the duty to provide true and correct information to regulators.

By order of 4 February 2011, the FSA requested that you confirm the appropriateness of your processes and controls relating to LIBOR submissions in place at the time; you were requested to confirm that you had appropriate policies and rules in place that were satisfactory to senior management. Thereupon on 17 March 2011, Mr. Andrew Sowter (Compliance) issued the written confirmation – which was incorrect as to its content – that Compliance had performed random controls and, together with Mr. Cloete and Mr. Nicholls, considered the processes to be appropriate. Mr. Cloete stated in this context to EY that he had not seen the confirmation at the time, whereas Mr. Simon Jackson told EY that the draft version of the letter had been presented to Mr. Cloete and Mr. Nicholls for review. As regards the content of the confirmation, EY states that in fact none of the controls specified in BBA's TOR had been implemented until mid-2011 (TB II, margin nos. 939 et seqq.; cf. also margin nos. 347 et seqq.).

You also made incorrect statements to BaFin in your letter of 23 August 2013. In that letter to BaFin, you stated that Mr. Christian Bittar was not involved in the ISDAFIX (cf. in this regard TB II, margin nos. 740 - 746 and TB 1, margin nos. 194 - 201). The reason for this incorrect information was that your internal investigations were superficial and insufficient. Both the insufficient bank-internal investigation and your incorrect letter to BaFin of 23 August 2013 fall within the responsibility of Dr. Leithner as the Management Board member responsible for Legal - and Mr. Lewis as co-signatory (cf. TB I, margin nos. 194 - 201).

In connection with statements made to regulators which were incorrect as to their contents, the incorrect BBA confirmation of 12 January 2011 is also to be mentioned (see above).

Furthermore, the incorrect allegation made by DB to the FCA in 2013 - although not addressed in the EY Report - is also to be seen in this context. DB incorrectly informed the FCA that BaFin had prohibited the release of the EY audit report of 22 March 2013 to the FCA. This incorrect statement to FCA is described in detail by the FCA in its Draft Warning Notice delivered to DB on 17 March 2015 and in its Final Notice of 23 April 2015 on IBOR, to which reference is made hereby.

It goes without saying that, in my view, incorrect statements to supervisory authorities are totally unacceptable in any circumstances and evidence of an intolerable state. The statement to the BBA, too, is problematic and an indication of a very poor compliance culture. Furthermore, it is not discernible to me that these issues have been investigated and analyzed or that conclusions have been drawn accordingly at DB, which would have been urgently required in my view.

6) Proper ISDAFIX and IBOR submission processes

a) ISDAFIX submission processes

The ISDAFIX submission process, which was part of Mr. Jain's area of responsibility, was only insufficiently equipped and protected against manipulations, although since 2010 at the latest, i.e. the date on which attempted manipulations were identified for the first time without any

consequences (cf. TB II, margin no. 909), there would have been reason to also examine this aspect of the submissions. In this context, it is to be considered as particularly serious that Mr. Jain and the other senior managers responsible for GFFX at DB obviously did not draw any conclusions from previous events, in particular from the outcome and the analysis of the investigations on reference-rates conducted so far, for themselves or for their respective areas of responsibility even though it was crystal clear that this would have been necessary. In particular, prior to shutting down the ISDAFIX submission by DB in April 2014, it could not be determined that Mr. Jain, Mr. Faissola and Mr. Cloete took all necessary action to establish proper ISDAFIX processes. This means that Mr. Jain, Mr. Faissola and Mr. Cloete did not even react upon receipt of the BaFin letter of 12 August 2013.

I would like to point out again in this context that Dr. Leithner - together with Mr. Lewis - is responsible for the incorrect information provided by DB to BaFin in DB's letter to BaFin of 23 August 2013 (cf. in this regard TB II, margin nos. 740 - 746 and TB I, margin nos. 194 - 201). In this letter, Dr. Leithner stated that Mr. Bittar had not been involved in ISDAFIX. He is also responsible for the insufficient Internal Investigation of DB on ISDAFIX underlying this incorrect information (as regards the other IBOR submission processes, see below in b)).

Furthermore, Mr. Walker, too, bears responsibility for the ISDAFIX investigation - which, so far, is incomplete and delayed in time - which ultimately was not launched until July 2012 following a request by FSA (TB I, margin no. 166; TB II, margin no. 910).

The ISDAFIX submissions for EURIBOR ISDAFIX and EUR LIBOR ISDAFIX with a term of one year were made by GFFX, and all other ISDAFIX submissions were made by divisions within Global Rates. Global Head of GFFX was Mr. Cloete, Head of Global Rates was Mr. Faissola. Mr. Cloete and Mr. Faissola reported to Mr. Jain, who, until his appointment to the Management Board as of 1 April 2009, in his capacity as Global Head of Global Markets reported to Dr. Ackermann.

EY states that, in 2010 or at an unknown earlier point in time (TB II, margin no. 716), the trader Yang Hai at the New York Swaps Desk, according to his own statement, changed the value of a USD ISDAFIX submission to improve the position of a DB option trader with a client (Pimco) (TB II, margin no. 716). This constitutes attempted manipulation. When Pimco complained, the incident was immediately revealed. The superior of Mr. Hai, Chuck Fletcher, and the latter's superior, Mr. Thomas Hartnett, were informed (TB II, margin no. 755). Apparently on the day when the issue became known, Mr. Fletcher issued an oral warning to Mr. Hai. There is no written documentation on this conversation. Mr. Fletcher told EY that, at the time, there had been no formal policy on how to sanction such conduct, and that, therefore, information on this incident had not been forwarded to units or divisions outside Global Rates North America (Head of Global Rates North America as of May 2010: Thomas Hartnett) (TB II, margin nos. 722; 730 et seq.) It was not until 2014 that the bonus of Mr. Hai for 2013 was cut (TB II, margin nos. 722; 732); Mr. Hai, however, stated to EY that he had not been aware that the 2013 bonus cut in 2014 had been the consequence of his attempted manipulation in 2010 (TB II, margin no. 920).

Mr. Hai's attempted manipulation had no consequences such as process adaptations or disciplinary measures. It was not until 2013 that such measures were taken (TB II, margin no. 909).

EY found that, on 2 December 2011, in the course of the IBOR investigation, a conspicuous French communication relating to ISDAFIX better Mr. Bittar and Mr. Moryoussef dated 23 November 2009 had been identified at DB (TB II, margin nos. 757, 910).

This means that although DB had already had indications of possible misconduct of traders in connection with ISDAFIX in 2010 and 2011, you reacted to such indications with a time delay and only upon receipt of corresponding inquiries from regulators (TB H, margin no, 911).

EY further concludes that your bank-internal investigations launched upon receipt of inquiries from regulators were superficial and had methodological errors (TB II, margin no. 917). Your investigations were focused on answering inquiries from regulators and did not aim at conducting a comprehensive investigation on ISDAFIX manipulations (TB II, margin no. 921). Overall, EY considers your investigations as reactive and incomplete (TB II, margin no. 923).

b) IBOR submission processes

You also failed to take sufficient measures to ensure a proper functioning of other IBOR submission processes as regards both timing and quality of the measures. The fact that, despite all issues and incidents that had happened before, you did not implement any such measures at least until mid-2014 is particularly serious in my view (TB II, margin no. 1131). For example, the report of DB Group Audit of 31 March 2014 on the benchmark submission oversight review containing *inter alia* one "critical issue", three "significant issues" and three "important issues" still reports strikingly serious findings. In this matter, particularly Mr. Jain, as the person responsible for this area, should have been aware of the key importance of proper submission processes under legal and reputational as well as financial aspects. As in the ISDAFIX matter, the fact that Mr. Jain and the other senior managers responsible for GFFX at DB obviously did not draw any conclusions from the previous events, in particular from the outcome and the analysis of the investigations on reference rates conducted so far, for themselves and for their respective areas of responsibility, even though it was crystal clear that this would have been necessary, is also to be considered as particularly serious. There is especially no indication that Mr. Jain and Mr. Cloete obtained confirmations from all responsible persons or units to the effect that all necessary measures had been taken to establish proper IBOR submission processes.

In this context, the audit report therefore comes to the conclusion that, to date, a proper functioning of the submission processes cannot be confirmed (TB II, margin no. 1137). Also, the fact that disciplinary measures were either not taken at all, or not in a timely manner or not in a consistent manner constitutes another omission (TB II, margin nos. 1141 et seq.).

According to Mr. Simon Dodds, DB did not take any steps regarding the special LIBOR submission process until 2011 despite already existing BBA requirements (TB II, margin no. 938). Such steps were not implemented until mid-2011. The responsibility for this delayed reaction lies with Mr. Jain and Mr. Cloete (TB II, margin nos. 946 et seq.).

The conclusion that the bank reacted far too late to the events is also confirmed by other prominent positions at DB (cf. TB II, margin nos. 951, 973, 978 regarding interviews with Mr. Ritchotte, Dr. Leithner and Mr. Huque).

7) Attestations of completeness and other declarations and statements made to regulators

In individual cases, representatives of DB often did not answer fully or correctly to inquiries and document requests by various regulators due to insufficiencies at organizational level (TB II, margin nos. 629, 635).

While EY, referring inter alia to its first IBOR special audit completed in 2013 and to the audit of the annual financial statements and the consolidated financial statements by KPMG in 2008 and 2012, concludes on the one hand that the processes relating to the issue of attestations of completeness implemented at DB with respect to formal audits appear to be appropriate and suitable (TB II, margin no. 628), on the other hand, the auditors describe some cases which considerably tarnish this impression. Examples are a subpoena relating to LIBOR sent in 2010 by SEC and two requests by FSA and BaFin in 2013 in the same matter, to which you replied incompletely and in part even incorrectly (TB II, margin nos. 631 et seqq.). This is totally unacceptable. All members of senior management must be aware that signing incorrect or incomplete information – in particular, in combination with an attestation of completeness – certainly may have relevant legal consequences and, in particular gives cause to question their reliability. It must have been clear to all the parties involved that in view of the importance of the statements and declarations to be confirmed, an attestation of completeness requires even more comprehensive and thorough processes.

The requests mentioned above were processed with the material involvement of the legal department for which, at Management Board level, Mr. Bänziger was responsible until the end of May 2012 and, thereafter, Dr. Leithner (TB II, margin no. 630). However, it must be noted that, according to the signatures, Dr.Leithner and Mr. Lewis were at least responsible for the letter to BaFin of 23 August 2013 in which they inter alia incorrectly stated that Mr. Bittar had not been involved in ISDAFIX (TB II, margin nos. 619, 626).

Senior Management Review

With regard to the roles as well as responsibilities of the individual persons in senior management the following conclusions can be recorded already at this point based on the Senior Management Review prepared during the most recent audit by EY, which does not yet include the findings from the previous audits in the matter involving IBOR as well as other audits concerning the involved business areas. I concentrate on the main results with regard to the persons who have both departmental responsibility as well as overall responsibility.

Trading Division

Anshu Jain

Mr. Jain had the function as Global Head of Global Markets up to and including March 2009 and was a member of the GEC; he was subsequently responsible from 1 April 2009 to 2012 for the area of Global Markets as a member of the Management Board. He was accordingly also responsible in these functions for the GFFX division and, thus, directly responsible for the division which was responsible at DB for IBOR submissions and in which the traders that have been identified with regard to misconduct worked.

Mr. Jain became the co-chairman of the Management Board as of 1 June 2012 and is also responsible in this function for, amongst other areas, the fields of CB&S which includes the Global Market division.

Due to the large number of charges involving Mr. Jain as well as due to the substantial importance of the issue involving "reference interest rates", I consider the failures with which

Mr. Jain is charged to be serious. They display improper management and organization of the business.

a) Organizational environment of the GFFX division

Mr. Jain must be charged with the fact that there was an organization and business environment in the GFFX division, for which he was responsible as the Global Head of Global Markets until 31 March 2009 and subsequently as the member of the Management Board with the responsibility for CB&S, which favored behaviour involving the exploitation of conflicts of interests and that he ignored organizational duties under Sec. 25a KWG in conjunction with MaRisk as well as other provisions in the law, also including incorrect submissions.

aa) Mr. Jain created an environment by the physical and functional restructuring of the business GFFX division in the year 2005, involving also a change in the seating order of the "trading floor" in London which he initiated and which was implemented by Mr. Cloete, in which conflicts of interest between traders and submitters arose or were strengthened (TB I, margin nos. 113; 973; also 874 et seq.). Traders and submitters could communicate openly with each other in this environment that had been created, and the consequence was that traders and submitters notified each other about their requests for LIBOR and EURIBOR submissions. These functions were also not (any longer) separated by "Chinese walls" (TB I, margin no. 875).

bb) Mr. Jain, as the superior of Mr. Cloete and Mr. Nicholls in the organization, was also responsible for Mr. Cloete and Mr. Nicholls having issued specific directives which promoted arrangements and inappropriate conduct while ignoring conflicts of interest and compliance requirements)TB I, margin nos. 868 et seq.).

cc) Mr. Jain is also responsible for the fact that the bonus-driven compensation system awakened a P&L-driven interest on the part of traders in certain developments of interest rates or strengthened such interest and the fact that the trading strategy established by management additionally promoted this interest (cf., TB I, margin nos. 116; 1250 et seq.).

b) Unbalanced business culture

Mr. Jain has organizational responsibility within DB (until 31 March 2009 as the Global Head of Global Markets, subsequently as responsible member of the Management Board for the area CB&S) for the fact that the GFFX division was characterized by a business culture which placed the main emphasis on an orientation towards results and maximization of profits, without making sure that there were appropriate risk monitoring mechanisms. Mr. Jain was informed at all times about the development of the business and the risk situation in the GFFX division and had regular contact with the MRM in the case of exceeding limits (TB I, margin no. 114). Furthermore, Mr. Jain also supported high risk positions in the DFFX division, at times contrary to the requirement of the MRM for a reduction of risks. The conclusion must be drawn from this that Mr. Jain prioritized maximization of profits compared to the requirements of the monitoring units and assuring his responsibility for monitoring (TB I, margin no. 115).

Furthermore, Mr. Jain did not place sufficient value on compliance by the employees in the GFFX division. The focus in the GFFX division (later: FIC) was obviously on the business figures and not on compliance by employees. E.g. completion of mandatory training in the

GFFX division was not effectively enforced, although Mr. Jain knew that this was not being given the intended attention (TB I, margin no. 1164).

The fact that there was a need to act with regard to the culture in the trading division is also apparent from the telephone call in June 2008 between Mr. Jain and Dr. Ackermann. Dr. Ackermann expressed in this telephone call his anger about "cultural deficits" in Global Markets divisions which he said he would no longer tolerate because this unnecessarily endangered the reputation of the bank (TB I, margin nos. 126; 1156), which reinforces the findings of EY and the present charges derived from those findings. This demand by the chairman of the Management Board at that time and at the same time the person who was responsible for the division should have been an immediate reason for Mr. Jain to examine and change the business culture, but he did not do so. He obviously took a defensive position in order to justify the existing operations of business up to that time.

According to an investigation by Oliver Wyman in 2007, there were methodological weaknesses in measuring risk and deficits in monitoring risk. Deutsche Bundesbank (German Federal Bank) identified a number of organizational and structural deficits in 2009, including with regard to processes for monitoring market price risk, and McKinsey also raised objections in 2009 to the fact that especially successful business divisions were not adequately monitored. The processes and responsibilities in connection with risk management were possibly not treated with the requisite respect or carried out with the necessary dedication. Furthermore, the McKinsey report provides indications that risks were often underestimated in the business divisions (TB I, margin no. 923). Mr. Jain is also responsible for this as the Global Head of Global Markets (until 31 March 2009) and as a member of the Management Board with responsibility for the CB&S (starting on 1 April 2009).

c) Bank-internal investigations of IBOR submissions

Mr. Jain did not ensure the initiation of a comprehensive internal investigation of the IBOR submissions at the bank either in 2008, when he learned about rumors and discussions in the market concerning the susceptibility of LIBOR for manipulation (c.f., TB I, margin nos. 106-109; 511 et seqq.), or in the year 2009 after the MMD desk and especially the trader Christian Bittar had generated unusually high trading results in 2008. Each of these aspects by itself, and in any event when viewed together, show that Mr. Jain should have arranged for such a comprehensive internal investigation at the bank already in 2008, but at the latest in 2009. In detail:

Mr. Jain has been proven to have learned about discussion in the market concerning the susceptibility of the LIBOR to manipulation in 2008 (cf., TB I, margin no. 109). However, he did not draw any consequences for DB (in the form of investigations) as a result of these indications in the market (TB I, margin no. 112). The explanation provided by Mr. Jain to EY for his lack of activity, according to which there was no motive for "lowballing" due to liquidity position of DB at that time (c.f. TB I, margin no. 112), is not convincing. In addition to the motive for "lowballing", which involves representing the liquidity position of the bank in a more positive light, there was a further potential motive for incorrect IBOR submissions consisting of the maximization of profits and, thus, bonuses on the part of traders. This aspect which has also correctly been emphasized by some foreign public authorities (cf. e.g. Attachment A to the Deferred Prosecution Agreement of the DoJ dated 23 April 2015, margin no. 18) must also have been known to Mr. Jain.

At the beginning of 2009, Mr. Jain also had knowledge about the high trading results of the MMD Desk and especially of the trader Bittar as well as of his high bonus entitlement which was predominantly based on the development of the IBOR rates. Mr. Jain also intensively supported this claim of Mr. Bittar for a bonus in a remarkable manner in January 2009 in a telephone call to Dr. Ackermann by referring to both Mr. Bittar as well as Mr. Maine as "... good guys, they are the best people on the street" as well as "... the best guys we have got". The telephone call proves that Mr. Jain not only knew Mr. Bittar but had also promoted and supported him. Mr. Jain also knew the trading strategy and the trading results of the MMD Desk and the trader Bittar who was behind these results at the latest from 30 August 2007.

Both the IBOR discussion in the year 2008 as well as the knowledge in 2009 about the high trading results for 2008 should have caused the initiation of internal investigations at the bank concerning the involvement of DB traders in IBOR manipulations; in any event, however, this results when viewing both aspects together.

d) Suspicion of making an incorrect statement to the Deutsche Bundesbank

There is suspicion that Mr. Jain might have knowingly made incorrect statements in his IBOR related interview with the Deutsche Bundesbank on 5 October 2012. Mr Jain stated in this interview that he started having doubts about the fixing of the LIBOR for the first time in the first quarter of 2011 and that, in 2008, he had no knowledge about the LIBOR discussions in the market or about the meeting with the BBA in 2008 and the internal discussion at the bank on this issue (cf., TB I, margin no. 110 and the Bundesbank Report dated 9 November 2012 on Senior Management, margin no. 38 and margin no. 13). However, EY determined that Mr. Jain must have known about the LIBOR discussion in the market and the meeting at the BBA due to e-mails which had been forwarded to him (cf., TB I, margin no. 109). Mr. Jain tried to explain his incorrect statement to the Bundesbank to EY by the fact that he was only able to remember in detail the time after August 2008 (TB I, margin no. 111). However, this does not explain why Mr. Jain did not refer to his lack of memory already in this interview with the Bundesbank and instead made incorrect statements at the time. Therefore, as has already been mentioned, there is suspicion that Mr. Jain could have knowingly made incorrect statements to the Deutsche Bundesbank.

e) Implementation of proper submission processes

Mr. Jain must face the reprimand that he failed in 2009 to make sure that IBOR control processes were implemented and that the measures which were finally taken in 2011 were inadequate. When Mr. Jain became a member of the Management Board as of 1 April 2009 (responsible for CB&S), he not only procured that proper submission process and controls were implemented (submission process and controls were introduced for the first time in 2011, albeit inadequately). EY determined that Mr. Jain would have been required to take these measures as Head of Global Markets and, as of 1 April 2009, as member of the Management Board responsible for CB&S, at the latest starting in 2009 according to the BBA requirements for implementation of control procedures regarding IBOR submissions (TB I, margin no. 132). EY also found that the measures taken in 2011 were insufficient (TB I, margin 134.).

f) BIRG review

aa) Insufficient investigation mandate

Mr. Jain also faces the allegation that he did not make sure that there was a specific search also for potential acts of manipulation of the IBOR by DB traders in the course of the BIRG review.

The investigations initiated in the year 2009 (Broeksmit; BIRG) were insufficient. The scope of the Broeksmit investigation initiated with regard to the high bonus entitlement of Mr. Bittar was limited to examining whether the profits of the MMD Desk were real and had not been caused by false valuations or internal transactions. The BIRG MMD investigation instructed by Mr. Ritchotte, which Mr. Jain approves, was insufficient in that it did not include the possibility of acts by DB traders to manipulate the IBOR. In this context, Mr. Jain failed to ensure that potential acts of manipulation by DB traders were specifically checked out in the course of the BIRG MMD investigation.

bb) BIRG presentation to the Management Board

The preliminary results of the BIRG investigation were presented to Mr. Jain on 30 November 2009. Mr. Jain was also informed in that context about compliance-relevant topics. However, Mr. Jain did not respond by demanding that provisions on compliance be observed at the MMD Desk. To the contrary, the compliance-relevant topics were not the subject of a presentation of the results to the Management Board on 8 December 2009. Although Mr. Jain cannot be proven to have exercised influence on the BIRG report, EY finds that there is a connection in terms of timing between the presentation to Mr. Jain on 30 November 2009 and the removal of the compliance-relevant topics by the time the presentation was held to the Management Board on 8 December 2009. EY could not prove that Mr. Jain had exercised influence here (cf., TB I, margin no. 125; TB II, margin 122 et seq.; 128 et seq.).

g) ISDAFIX

Mr. Jain is responsible at the level of the Management Board that, in 2010 and 2011, indications of misconduct in connection with the ISDAFIX were handled only in a reactive manner upon receipt of corresponding inquiries from regulators and with substantial delays, and for the fact that DB failed to completely record and document the ISDAFIX submissions processes and to designate specific responsible persons (cf., TB I, margin nos. 135 et seq.).

It is to be criticized in particular that Mr. Jain did not draw any or only insufficient consequences from the acts involving manipulation of the IBOR by DB traders regarding ISDAFIX about which he had learned, in any event, in mid-2011. There would have been reason considering the issues known in connection with IBOR from mid-2011 to obtain confirmation that the submissions processes for the ISDAFIX were proper and did not have defects. This did not occur. As stated above, it was not until 2012/2013 that investigation measures and efforts to implement controls started, although they finally proved to be unsuitable to preclude the risk of manipulation.

h) Examination of all submission processes with regard to susceptibility to manipulation

Mr. Jain, who is, together with Mr. Fitschen, responsible for the Group Audit department since his appointment as Co-chairman of the Management Board and as such was, in 2012, responsible that no complete, comprehensive and independent audit of all submission processes with regard to their susceptibility to manipulation and of the potential indications of specific manipulations within DB still had not occurred at least until October 2014. The conclusion from this circumstance is that no proper business organization pursuant to

Sec. 25a of the German Banking Act (KWG) had been implemented at least until that point in time with regard to the submission processes at DB, either the IBOR issues should have necessarily led to a complete and comprehensive investigation of all submission processes with regard to possibilities for manipulation.

l) Completeness of the EMARS system

Mr. Jain, as the responsible member of the Management Board for the relevant business division, must face the allegation that the communications platforms investigated in connection with the internal IBOR investigation at DB were not examined with regard to their completeness, which is why not all communications applications were taken into account.

j) No consequences taken

Mr. Jain must also face the allegation that there was basically no proper management with regards to the submission processes until the audit by EY. It was especially not possible to verify that Mr. Jain had taken all necessary action to establish proper ISDAFIX and IBOR processes until April 2014 when DB stopped the ISDAFIX submissions or, with regard to IBOR submissions, until at least the middle of 2014. No consequences have been taken with regard to personnel aside from the involved traders and a London manager, although there were major organizational deficits here which enabled the relevant traders to engage in misconduct in the first place. This involves not only misconduct of individual traders, but major systemic deficits for which nobody has been held responsible so far. Especially in the case of individuals who work in key positions at DB, such as members of the GEC, an essential aspect should be the absolute integrity of these individuals.

Alan Cloete

During the period from August 2007 until the end of May 2012, Mr. Cloete was Global Head of GFFX and, thus, directly responsible for the division which was responsible for transmitting the reference interest rates and in which those traders worked who could be proven to have been engaged in attempts at manipulation. As of 1 June 2012, Mr. Cloete became Co-Chief Executive Officer Asia-Pacific and a member of the GEC. Mr. Cloete was and is directly subordinate to Mr. Jain in both capacities and fell and falls within Mr. Jain's area of responsibility.

EY expressly points out that in light of the very close and informal communications between Mr. Nicholls and his direct superior, Mr. Cloete, the possibility cannot be precluded that Mr. Cloete already knew about possible manipulation by employees of DB even prior to 2011. Furthermore, EY concludes from the further fact that Mr. Nicholls, according to his own statement, always kept Mr. Cloete informed about the trading strategy and the risk that was taken, with this occurring on specific occasions and primarily personally because both men had their offices direct next to each other in London, that knowledge of Mr. Cloete about the instruction from Mr. Nicholls to Mr. Curtler in October 2007 – "make sure our labors are on the low side for all ccys." – is even likely and that Mr. Cloete might even have personally issues this directive (cf., TB I, margin no.84). I agree with this assessment.

Even without having final certainty in this respect, the role of Mr. Cloete must be considered to be problematic due to the above findings. According to the findings of EY, Mr. Cloete is one of the main persons responsible within the organization of DB for various organizational and procedural deficits concerning the IBOR submissions and the business environment in which the problematic submissions and communications arose. This includes especially findings with

regard to the bank-internal monitoring mechanisms and the risk management as well as the entire business culture. Overall, his failures must be considered to be serious in this regard.

a) Organizational environment in the GFFX division

Mr. Cloete must first face the allegation of the fact that there was an organizational and business environment in the division he led which favored incorrect submissions or even made them possible in the first place. He negligently created a situation which favored the exploitation of conflicts of interests and overcame monitoring mechanisms. He is accordingly at least indirectly responsible for incorrect submissions in his division.

aa) According to a statement by the trader Skofenko, Mr. Cloete had responsibility together with Mr. Jain, to whom he reported directly, for the new organizational structure in the GFFX division which had the consequence that conflicts of interests between traders and submitters arose or were strengthened (TB I, margin nos. 878 et seqq.; 973). Existing barriers were eliminated in this manner, and almost literally the door was opened for collusion between traders and submitters.

bb) Mr. Cloete, as the direct superior of Mr. Nicholls, is also responsible for the fact that Mr. Nicholls issued specific directives which promoted collusion and improper conduct while conflicts of interest and compliance requirements were ignored (TB I, margin nos. 868 et seq.).

cc) Mr. Cloete is also responsible for the fact that the bonus-driven compensation system awakened or reinforced an interest on the part of traders in certain developments of interest rates and that the trading strategy established by management additionally promoted this interest (cf., TB I, margin nos. 876; 1255 et seqq.: 1262; 1264; 1266).

b) Imbalance in the business culture

Mr. Cloete is responsible within the bank – without this precluding the responsibilities of other people at other levels – for the fact that the GFFX division was characterized by a business culture which placed priority on orientation towards the results and maximising profits without assuring responsibilities for monitoring and appropriate risk control mechanisms (TB I, margin nos. 75; 1164). He regularly ignored the exceeding of limits and indications from the risk management function concerning high risk positions which were reported to him daily in addition to the development of the P&L account by referring to instructions given to him in telephone conferences. He also permitted Mr. Bittar in the year 2007 to continue his transactions marked by high risk positions as in the past ("Keep going you going great"; TB I, margin nos. 73 et seq.). The responsibilities of the supervisors in the division for which Mr. Cloete was responsible were not clearly communicated. The confirmations of the supervisors concerning duties and responsibilities were not issued or were not timely. Mr. Cloete did not negligently fail to recognize these circumstances, instead he knowingly ignored them.

Furthermore, he did not place sufficient importance on the behaviour of his employees in terms of compliance. He knew, among other aspects, that the completion of mandatory training sessions in the GFFX division with regard to compliance-related issues was not being effectively observed (TB I, margin no. 1164).

Finally, according to an investigation by Oliver Wyman in 2007, there were methodological weaknesses in the risk assessment and deficits in risk monitoring, and Deutsche Bundesbank

also identified in 2009 a number of organizational and structural deficits, including with regard to the processes for monitoring market price risk. McKinsey also objected in 2009 to the fact that especially successful divisions were not adequately checked out (TB I, margin no. 923). Mr. Cloete, as head of the GFFX division, is at least partially responsible also for this under the aspect of reasonably monitoring risk in the division.

c) Bank-internal investigations about the IBOR submissions

Mr. Cloete failed to carry out investigations about possible manipulation of IBOR starting in March 2008 (at the time of the BIZ quarterly report) when he first learned about the susceptibility of the IBOR submissions to manipulation, but at the latest starting in 2009 after learning about the IBOR discussion in the market and after the exorbitant profits were generated at the MMD desk within the GFFX division. His knowledge about and support of Mr. Bittar and his trading strategies also play a role here, just as in the case of Mr. Jain. The trading profits would have required stronger and more in-depth monitoring than actually occurred. Furthermore, the discussion about IBOR should have been a reason for Mr. Cloete to propose or trigger an internal investigation in his division by the bank. In any event, both developments when viewed together and also the reporting and communications structure in the GFFX division (cf. above) necessarily resulted in such a need. This follows especially from the close coordination between Mr. Cloete and the individual trading desks and the environment which he created which permitted communications outside of the necessary protections. Anyone who eliminates existing protections for the avoidance of conflicts of interest must have an ever greater interest in investigating and preventing abusive conduct and must demonstrate corresponding involvement. Mr. Cloete did not fulfil this responsibility, although exactly this would have been necessary and expected.

d) Submissions monitoring processes

Mr. Cloete, as the responsible head of the GFFX division, failed to develop and implement submissions monitoring processes (margin nos. 95; 946 et seq.). According to EY, this should have occurred at the latest starting in 2009. According to EY, the BBA requirements would have represented a reasonable basis (TB I, margin no.95). The responsibility for this also lay with the representatives of DB in the management of GFFX, i.e. Mr Jain and Mr. Cloete (TB II, margin no. 947)

e) BIRG review

During the course of the BIRG review, Mr. Cloete improperly exercised influence on the results of the investigation by the BIRG team as what was actually an independent control body, or Mr. Cloete at least tried to do so. He attempted in the context of numerous consultations and comments on versions to place the findings in the BIRG MMD report about the business for which he was responsible in a better light (TB I, margin nos. 78; 184). Although the changes were mitigated by the BIRG team, his exercise of influence is characterized in the course of your initial investigation as "making the situation appear better" (TB I, margin no. 81). The changes and requests for changes by Mr. Cloete are referred to by EY as "noticeable" (auffällig).

This leads to the conclusion that Mr. Cloete had no interest in an unrestrained investigation of possible improper situations or incorrect developments, weaknesses or deficits in his division which had to be corrected. He was obviously instead interested in defending and maintaining his business and management model that existed up to that time, which did not attach great importance on topics such as business culture or compliance.

f) Stubbornly maintaining the status quo of the LIBOR submission process

Mr. Cloete must be charged with the fact that he took the position within DB in the year 2008 in accordance with the predominant view of exercising influence on the BBA in such a manner that the existing submission processes would be changed as little as possible (TB I, margin nos. 86; 795). He must face the allegation in this respect that he indirectly participated in allowing the susceptibility of IBOR to continue to exist.

g) Completeness of the EMARS system

Mr. Cloete must also face the allegation that the communications platforms investigated in the course of your internal IBOR investigation were not checked with regard to completeness, which is why not all communications applications were taken into account.

h) Sets of facts rising strong suspicions

aa) Knowledge of manipulation prior to 2011

EY raises the suspicion in its discussion that Mr. Cloete had learned even prior to 2011 about potential manipulation by employees of DB in light of the very close and informal communication between Mr. Nicholls and Mr. Cloete (TB I, margin nos. 84; 99). Mr. Nicholls always kept Mr. Cloete informed about both the trading strategy and the risk that was taken. Mr. Nicholls spoke as the occasion needed and primarily personally with Mr. Cloete because both had their offices in London directly next to each other (TB II, margin nos. 84). It is very difficult to conceive in light of this that Mr. Nicholls would have issued a directive having the scope expressed in his e-mail in October 2007 ("make sure out libors are on the low side for all ccys.") without prior consultation with Mr. Cloete or even a directive from him.

Since such a presumption can only be rebutted with great difficulty due to the objective indicia and despite the disputation by Mr. Cloete, the question arises about the effects on the position of Mr. Cloete.

bb) Discussion with Mr. Bittar about termination

As has been discussed above, the statement by Mr. Bittar in a letter from his attorney, which Mr. Cloete has disputed and according to which Mr. Cloete informed Mr. Bittar in the context of the discussions about termination that he (Mr. Bittar) had done nothing wrong and had only become the victim of internal and external politics, are further indications that Mr. Cloete could have known and approved of Mr. Bittar's acts of manipulation. However, it must be also taken into account in my view that Mr. Bittar is pursuing personal financial interests so that his statements must be evaluated under this aspect. However, the described statement of fact by Mr. Bittar must be considered to be a further element of suspicion against Mr. Cloete.

cc) Frankfurt traders

As discussed above, three of the four Frankfurt traders, Mr. Vogt, Mr. Gharagozlou and Mr. Kappauf, stated in the course of their complains seeking protection against termination that Mr. Cloete had stated in a video conference on 2 February 2012 that no further dust should be raised, particularly in light of the then pending appointment of Mr. Jain as the co-CEO of DB. Mr. Cloete is stated to have literally said: "I will close this box."; "I don't want any noises. Anshu is becoming CEO." (cf., TB I, margin no. 882). Mr. Cloete was stated to have ordered a reduction of bonuses as a final punishment of the improper

communications/acts of manipulations and expressed that he also bore his share of responsibility when he said, "We all need to bear our share." (TB I, margin nos. 883 et seq).

Although Mr. Cloete disputes that he made these statements or he says that he does not have any recollection, the statements of the three traders would have to be considered correct and indications of the fact that Mr. Cloete had no interest in investigating the events or severely sanctioning the traders and instead wanted to get rid of the matter as quietly as possible and that he was aware of his part of the responsibility. An element of suspicion also finally remains against Mr. Cloete in light of this aspect.

dd) Incorrect response to FSA inquiry – statements of Mr. Simon Jackson

An inquiry from the British supervisory authority FSA in March 2011 was answered in a questionable manner and on a basis which cannot be verified in connection with the false BBA confirmation in the year 2010. The answering letter was supposedly submitted to Mr. Cloete and approved by him, although he disputes this, according to an e-mail from Mr. Simon Jackson in the year 2011 and according to a written statement made to EY (TB II, margin nos. 347 et seq. and margin nos. 939 et seqq.). However, EY correctly raises doubts about the evidentiary value of the statement by Mr. Jackson because he demonstrably signed the false BBA confirmation in January 2011. Thus, the possibility cannot be precluded that he did not state the truth here either (TB II, margin nos. 351 et seq.). However, this is also another statement which burdens Mr. Cloete.

ee) Statements of Mr. Cloete regarding BIRG

Mr. Cloete's statements about the exercise of influence on the BIRG review also raises doubts about his integrity. He is quoted with making the statement that he did not have the authority to influence the report due to the independence of the BIRG report. However, in fact, 22 different drafts were forwarded to him for comments, and his changes had the nature of placing the situation in a better light. Even if Mr. Cloete still disputes that he exercised influence, EY concludes that his statements on this point are "not very plausible" (TB I, margin no. 187). I agree with this.

ff) Conclusion

In the aggregate, there remain substantial elements of suspicion with regard to the involvement of Mr. Cloete. There are numerous indications that Mr. Cloete already knew about possible manipulative actions with DB with regard to IBOR prior to 2011. It appears likely to EY that Mr. Cloete also knew or even himself gave the instructions to issue the directive from Mr. Nicholls to Mr. Curtler ("make sure our libors are on the low side for all ccys."). Even if this were not the case, Mr. Cloete would at least be indirectly responsible for the organizational parameters that favoured the misuse of IBOR submissions.

Michele Faissola

Mr. Faissola was Global Head of Rates and/or Head of Global Rates until 31 May 2012. In this position, Mr. Faissola was directly subordinated to Mr. Jain and was placed within the latter's area of responsibility. Mr. Faissola was appointed Head of Asset & Wealth Management and became a member of the GEC on 1 June 2012.

EY draws particular attention to the fact that, in light of the analysis of the trader Shivani Mathur, it cannot be excluded that Mr. Faissola had become aware of possible manipulations by employees of DB already before 2011.

The misconduct for which Mr. Faissola is accountable, which relates primarily to the omission of investigation measures and the failure to remedy procedural deficiencies, must be classified as serious. This applies even more because Mr. Faissola (besides Mr. Cloete) is one of the sole two members of DB's senior management for whom EY cannot exclude that they had been aware already before mid-2011 of internal IBOR manipulations within the bank.

a) Omission of investigation measures concerning the submission processes

Mr. Faissola must face the allegation that he failed, despite his senior position within the trading division, to initiate extensive investigation measures concerning DB's submission processes already in 2008 at the latest, although he had received a first indication in August 2007 and several clear indications as of 2008 pointing at deficiencies within the LIBOR submission process and although, according to EY's findings of 2008, he was the person, besides Mr. Cloete, who dealt the most with the IBOR issue as compared with the other senior management members. EY would have expected, for example, that Mr. Faissola examined the causes for DB's low EURIBOR submissions mentioned by Ms. Mathur in her analysis in early November 2008, in particular because, according to EY's assessment Mr. Faissola had already become aware of possible IBOR manipulations by DB employees by way of this analysis.

b) No examination of the high trading income at an early stage

Furthermore, Mr. Faissola must face the allegation that he also failed to question the MMD desk's high trading income by 2008 at the latest, considering the aforementioned fact that he had been aware of and dealt with possible IBOR manipulations in the market and within DB, in particular as he was also regularly informed of the high risks in GFFX because he was a participant of the so-called "risk calls" in 2007/2008 and as he had also been aware of that division's business strategy as of November 2008 at the latest.

c) Stubbornly maintaining the status quo of the LIBOR submission process

Additionally, Mr. Faissola must face the allegation that he took the position, in accordance with the predominant view within DB in 2008, that influence should be exercised on the BBA in such a manner that the existing submission process would be changed as little as possible. In this context, he must face the allegation that he indirectly participated in allowing the susceptibility to manipulation of IBOR submissions to continue to exist.

d) Inadequacy of the ISDAFIX submission processes

Furthermore, it must be noted that Mr. Faissola, in his function as Head of Global Rates, was responsible for the adequacy of a major part of the ISDAFIX submission processes until the end of May 2012, which he was unable, however, to ensure fully. For example, the Global Rates division under his lead omitted to fully record and document the ISDAFIX submission processes and to define specific responsibilities and implement adequate controls. Moreover, there was no process in place that could have informed Mr. Faissola immediately in 2010 of possible USD ISDAFIX manipulations by his staff member Yang Hai. In general, indications of possible ISDAFIX manipulations did not result in any consequences being drawn in the form of process adjustments or changed responsibilities. Disciplinary or procedural consequences

were not actually drawn until mid-2013, however only after Mr. Faissola had already been appointed Head of Asset & Wealth Management and had become a member of the GEC.

e) Suspicious facts as a result of allegations by the trader Ms. Mathur

At least some suspicious facts remain with a view to the allegations raised by Ms. Mathur against Mr. Faissola that he had asked her in 2008 to communicate her trading positions to the trading colleagues responsible for IBOR submissions within the Cash Desk in Frankfurt such that the corresponding positions could also be taken into account within the framework of IBOR submissions. This is because an internal analysis performed by Ms. Mathur at the time around the rumors about LIBOR's susceptibility to manipulation drew Mr. Faissola's attention to the fact that DB had submitted EURIBORs significantly below the corresponding average rates.

Consequently, I hold the opinion that there are at least indications also with regard to Mr. Faissola that he could have been aware as early as in 2008 of incorrect submissions made by DB.

Dr. Josef Ackermann

As chairman of the Management Board, Dr. Ackermann was responsible, among other things, for the group's Corporate & Investment Banking (CIB) division as of 1 January 2007 until 31 March 2009, the date when his responsibilities changed. As a consequence, he was also the head of the GFFX division at that time. Furthermore, he was responsible at Management Board level for the Group Audit function during the time from 1 January 2011 until he left DB on 31 May 2012.

The misconduct for which Dr. Ackermann is accountable relates mostly to omitting investigation measures in the IBOR matter and must therefore be considered to be quite important. However, it must be acknowledged that Dr. Ackermann initiated discussions on the "internal culture" already at an early stage, at least in 2008.

a) Organizational responsibility

Dr. Ackermann, as the Management Board member who was responsible for the GFFX division, among other things, until March 2009, must face the allegation that he obviously failed to look into this division sufficiently to realize that there existed serious structural and procedural deficits. These deficits, in combination with insufficient control processes, made it possible for traders to collude in the context of IBOR submissions.

b) Omission of improvement measures concerning the IBOR submission processes

Dr. Ackermann must further face the allegation that, in his function as Management Board member responsible for the Group Audit function, he failed to immediately order comprehensive investigation measures concerning DB's internal IBOR submission processes after he had become aware of possible IBOR manipulations by a trader of DB in a meeting of the Management Board at the end of June 2011. According to EY's findings, he instead for the first time ordered comprehensive information on the then already ongoing internal IBOR investigations only in February 2012, an approach that EY puts in the temporal context of DB's annual general meeting in May 2012.

c) Incomplete recording of submission processes

Finally, it must be noted that Dr. Ackermann, as the Management Board member responsible for Group Audit, did not initiate a comprehensive independent review of all submission processes regarding their susceptibility to manipulation and possible indications of specific manipulations within DB, which is the reason, according to EY's assessment, why there was no properly functioning business organization of Group Audit pursuant to Sec. 25a (1) KWG with regard to the submission processes at that time, either.

Group Audit, Compliance and Legal

Dr. Stephen Leithner

Dr. Leithner was Co-Head of Coverage until June 2012, in which function he was not a member of senior management. On 1 June 2012, Dr. Leithner was appointed Chief Executive Officer Europe (excluding Germany and the UK), thus becoming a member of the Management Board, and was also responsible for HR, Legal and Compliance as well as Government & Regulatory Affairs. Until his appointment as a Management Board member, Dr. Leithner had not dealt with the issue of IBOR reference rates; he was involved in analysing and drawing consequences from the IBOR events since the time of his appointment to the Management Board.

As Dr. Leithner joined the Management Board only as of 1 June2012 and had not been involved in the events surrounding IBOR before that date, he was not responsible for the manipulations by traders of DB and thus also cannot be held accountable in this respect. Dr. Leithner must face allegations in connection with the analysis of, and the consequences drawn from, the events, which are, however, less serious than the allegations related to the facilitation of manipulation attempts.

a) Incomplete business organization

As the Management Board member responsible for Compliance as of 1 June 2012, Dr. Leithner must face the allegation that there was no complete and properly functioning business organization pursuant to Sec. 25a (1) KWG in place for the control of the submission processes for the time from 1 June 2012; Group Audit made at least significant findings during several audits of material measures, such as the so-called Compliance Monitoring Program for LIBOR, EURIBOR and TIBOR.

b) Deficits of DB's internal IBOR investigation

As the Management Board member responsible for Legal as of 1 June 2012, Dr. Leithner has been responsible for DB's internal IBOR investigation as of this date. In this context, he is accountable for the deficits of this internal investigation of DB, which have been established by EY in their first audit report of 22 March 2013. I refer to my statements relating to EY's first audit report of 12 August 2013 in this respect.

c) Suspicion that statements made to EY were not fully true

There is the suspicion that Dr. Leithner's statements made in his interview with EY were not fully true. Dr. Leithner pointed out to Mr. Michael Golden in an e-mail of February 2013, which he forwarded to Mr. Jain, that the LIBOR discussions of 2008 and, in particular, the recommendations of the Fed from 2008 should not be mentioned to the press, because otherwise the question could be asked why no one had reacted at that time (TB I, margin nos. 187; 687-691; 766). This illustrates that the LIBOR discussion that occurred in the

market in 2008 and the Fed's recommendations could in fact have been, and would have had to be, a cause for reaction by DB. Dr. Leithner was not able to recall his e-mail of February 2013 in either interview with EY, which is "suspicious" according to EY (TB I, margin no. 188). I hold the view that the suspicion of having made an untrue statement has not been dispelled.

d) Incomplete attestation of completeness

Dr. Leithner, as the Management Board member responsible for Legal since 1 June 2012, must face the allegation that he issued an incorrect attestation of completeness signed by him regarding the analyzed communication data to EY on 22 March 2013. It had turned out later on that the Reuters Dealing 3000 platform had not been checked within the scope of DB's internal investigation. However, EY concludes that DB basically acted with due care when it issued the attestation of completeness and followed a prior process when issuing it. The allegation raised against Dr. Leithner is not serious in this regard.

e) Incorrect statement to BaFin and insufficient clarification of the facts in the Bittar-ISDAFIX matter

Dr. Leithner must face the allegation that – although not deliberately – he made an incorrect written statement to BaFin in August 2013. Dr. Leithner signed a letter of 23 August 2013, which was addressed to me, in which he wrongly stated in response to my request regarding ISDAFIX that there was no connection between Mr. Bittar and ISDAFIX.

Additionally, Dr. Leithner must face the allegation that he is also responsible for the insufficient clarification of the facts surrounding Mr. Bittar and ISDAFIX, which led to the incorrect statement made to BaFin. In July 2012, the FSA had asked for clarification of communication, which concerned ISDAFIX, between Mr. Bittar and a third person (Mr. Moryoussef). As a result, DB carried out an investigation into ISDAFIX and conducted an interview with Mr. Bittar in this context, but without presenting the relevant communication to him. According to EY's finding, the investigation related to ISDAFIX carried out by DB was insofar-incomplete and also only reactive, for which Dr. Leithner as the individual with departmental responsibility is responsible.

Richard Walker

As general counsel for the entire bank, a position he had already been holding since 2005, Mr. Walker was appointed to the GEC on 1 June 2012. As general counsel, Mr. Walker was and is directly subordinated to the respective Management Board member responsible for Legal, which was Dr. Leithner during the period from 1 June 2012 until the end of 2014.

The following allegations, if considered in aggregate, must already be deemed quite significant because the underlying findings had a direct effect on how DB dealt with the IBOR issue.

a) Failure to address and communicate IBOR issues sufficiently

Mr. Walker must face the allegation that he addressed the IBOR issue only insufficiently from an organizational perspective, despite corresponding indications, and that he communicated relevant information from Legal, the business division headed by him, relating to the submissions only insufficiently to you.

According to EY, despite receiving an increasing number of inquiries from regulators during 2010, Mr. Walker for example failed to pay sufficient attention to the requests for information submitted by the SEC and CFTC to DB in connection with submissions. Furthermore, EY did not notice any stronger involvement after a subpoena of the SEC of 4 August 2010 regarding USD LIBOR submissions of DB and is right to take a critical view in this respect (TB I, margin no. 827). At least the legal nature of a subpoena should have caused Mr. Walker in his capacity as general counsel to deal with the issues addressed therein.

Moreover, Mr. Walker became aware on 29 March 2011 of Mr. Nicholls' manipulative e-mail communication that had been discovered several weeks earlier. EY did not find any indications that Mr. Walker directly informed the Management Board thereof on his part. EY comes to the correct conclusion that this would have to be expected considering the imaginable explosiveness of the information (TB I, margin nos. 156 et seq.; 829 et seq.), because it was a clear sign of IBOR manipulations within the bank. The e-mail communication also was not mentioned in the following meeting of the Management Board on 19 April 2011, during which the investigations conducted by the US authorities SEC, CFTC and DoJ against panel banks in connection with alleged manipulations were addressed.

Consequently, Mr. Walker must face the allegation that he has his share of responsibility for the fact that you, as members of the Management Board, did not address the IBOR issue earlier. A risk-adequate handling of the subject would have required to draw your, i.e. the Management Board's attention to legal and reputational risks that could arise for your bank, too, at an early stage. It appears to me that this is a manifestation of part of the culture that is possibly still characteristic to your bank, i.e. to prefer hiding, covering up or entirely negating problems instead of addressing them openly and actively in order to prevent similar issues in the future.

b) Incorrect statement made to the supervisors

Mr. Walker is responsible for the fact that the communication applications analysed by DB Legal in connection with the internal investigation carried out at DB were not reviewed for completeness. As a result, not all of the applications were taken into account, for example the RD 3000 platform (TB I, margin no. 159). As a consequence, he signed an attestation of completeness to be issued to EY in March 2013 that was factually inaccurate in this regard (TB I, margin nos. 160 et seq.). When he issued the attestation to EY in its function as service provider and administrative assistant to the supervisors, he thus ultimately made the incorrect statement also to me. For this attestation, he did not assume responsibility – as can occasionally be observed in companies – merely by his signature and without any closer relation to the attested issue. Rather, DB Legal and thus Mr. Walker as divisional head had been functionally competent for the internal investigation and therefore also for the completeness of the date to be analyzed. The division could have fulfilled this responsibility by obtaining a confirmation from the technical department, GTO (TB, margin nos. 159; 163).

Furthermore, Mr. Walker was involved in another incorrect statement issued to BaFin, when you (DB) based your reply to my letter of August 2013 on the incorrect statements made by Mr. Bittar regarding his involvement in ISDAFIX submissions. Mr. Walker bore overall responsibility for the investigation (TB I, margin no. 164), but – incomprehensibly – did not obtain any third party checks whether Mr. Bittar indeed had not had any connection to ISDAFIX submissions, which could actually have been expected in view of his position.

c) ISDAFIX investigation

Finally, Mr. Walker is responsible for the fact that the ISDAFIX investigation has so far been carried out incompletely and with a delay (TB I, margin no. 166). In my opinion, however, there should have been a comprehensive investigation of all ISDAFIX submission processes well before July 2012, which is why Mr. Walker also bears a share of responsibility for the fact that a proper business organization pursuant to Sec.25a KWG did not exist in this area.

Stefan Krause

Mr. Krause has been a member of your Management Board since April 2008 and Chief Financial Officer since 1 October 2008. Moreover, between 1 April 2009 and 31 December 2010, Mr. Krause had departmental responsibility for Group Audit.

Mr. Krause's misconduct relates first and foremost to insufficient investigation/clarification of facts and a failure to remedy defects regarding IBOR and must be seen as quite serious. However, he cannot be made responsible for any direct involvement in or facilitation of IBOR manipulations.

a) BIRG review

As the Management Board member responsible for Group Audit between April 2009 and December 2010, Mr. Krause must face the allegation that the BRIG review of the MMD Desk carried out in this period was insufficient in that it found no indications of (potential) IBOR manipulations when the communication was analyzed in this context. Furthermore, it was possible for Mr. Cloete (also in the opinion of the external law firm Paul, Weiss) to exert significant influence on the results stated in the related review report, which is contrary to the nature of an independent investigation.

One possible explanation for this BIRG review that must be classified as flawed could be that Mr. Krause himself dealt with it only to a very limited extent, which he justified, among other things, by saying that he had had other priorities. This is all the more surprising taking into account the fact that he had already participated in January 2009 in discussions on the high bonus of Mr. Bittar, i.e. shortly before he took over the Group Audit function, which bonus depended first and foremost on the profit generated by the MMD Desk – i.e. precisely on what the BIRG review was meant to investigate.

b) Internal Investigations of IBOR submissions at the bank

Furthermore, Mr. Krause must face the allegation that he, as the Management Board member responsible for Group Audit, failed to implement periodic reviews of the IBOR submission processes at DB, as was also prescribed in the BBA rules in particular with a focus on LIBOR. Against this background, EY comes to the conclusion that during the period in which Mr. Krause was responsible for Group Audit, that function did not have a proper business organization pursuant to Sec. 25a (1) KWG.

Risk management functions

Dr. Hugo Bänziger

From May 2006 until he left the bank at the end of May 2012, Dr. Bänziger was a Management Board member and Chief Risk Officer with departmental responsibility, *inter alia*, for Legal and Compliance.

Dr. Bänziger's misconduct relates first and foremost to the incomplete and inadequate investigation of the IBOR issues and the failure to remedy defects in this regard as well as to incorrect statements made to parties outside the bank and, overall, must be seen as serious.

a) Omission of improvement measures concerning Market Risk Management

In his function as Chief Risk Officer, Dr. Bänziger must face the allegation that Market Risk Management, which was also responsible for GFFX, showed organizational and structural deficits in the period investigated by EY and that no adequate measures were implemented to remedy them. Moreover, Dr. Bänziger would have been required, in the opinion of EY, to take measures to remedy the defects established in the BIRG report with regard to the MMD Desk.

b) Making of false statements

As the Management Board member responsible for Compliance, Dr. Bänziger must assume responsibility for the fact that false statements regarding the monitoring of submission processes and the proper functioning of submission and monitoring processes were issued by Compliance to third parties (BBA, FSA) on several occasions in 2011, even though he was not directly involved in compiling the information. He is furthermore also reproached of not having taken sufficient measures at least in reaction to the incorrect monitoring confirmation issued to the BBA.

c) Omission of Improvement measures concerning the submission processes

Likewise, as the person responsible for Compliance, Dr. Bänziger must assume responsibility for the fact that this function did not take adequate measures concerning the submission processes after it had become known in June 2011 that a DB trader was suspected of IBOR manipulation. For example, participation in training sessions on the submission process – some of which had become mandatory – was not properly controlled, and it was not until April 2012 that Compliance guidelines for the implementation and monitoring of the submission processes were published.

d) Failure to address inquiries by regulators

In his functions as the Management Board member responsible for Legal, Dr. Bänziger must face the allegation that, until March 2011, he did not address the inquiries by regulators that DB had started to receive as of the beginning of 2010 and that, according to his own statement, he forwarded these to DB Legal for reasons of independence – a reason that EY cannot understand in light of his departmental responsibility for Legal. Furthermore, EY is surprised that even after the search of your premises conducted by the EU Commission in September 2011, Dr. Bänziger did not initiate any further investigations, which EY would in fact have expected.

e) Completeness of the EMARS system

Finally, Dr. Bänziger as the Management Board member responsible for Legal must face the allegation that Legal did not check the communications platforms investigated in the course of your internal IBOR investigation for completeness, which is why not all communications applications were taken into account.

Stuart Lewis

Mr. Lewis was appointed to DB's Management Board as Chief Risk Officer on 1 June 2012. Prior thereto, he had been the Deputy Chief Risk Officer and Chief Risk Officer of the Corporate & Investment Bank and, until 2010, Chief Credit Officer.

Mr. Lewis' misconduct is related in particular to a failure to investigate as well as to an inadequate clarification of facts and a failure to remedy defects in connection with the IBOR issues. As, in the opinion of EY, there was at times a violation, *inter alia*, of Sec. 25a (1) KWG in this connection, this misconduct must, in aggregate, be seen as quite serious.

a) Notification of inquiries by regulators had no consequences

Mr. Lewis must face the allegation that, in his position as Deputy Chief Risk Officer and Chief Risk Officer of the Corporate & Investment Bank, he was notified of the requests for information regarding LIBOR by the SEC as early as in January 2010 and, as he himself has stated, presumably took part in several telephone conferences of the Risk Executive Committee regarding the ongoing internal investigation, but subsequently failed to order or initiate extensive measures aimed at identifying potential malpractices in DB's IBOR submissions.

b) Incomplete recording of submission processes

In his position as Chief Risk Officer, since September 2012, he has also been the Management Board member responsible or the trading-independent Benchmark Submission Oversight (BSO) function, which, however, did not succeed until March 2014 in establishing a process to ensure that all submission processes were fully recorded. In this connection, he is also responsible for the fact that, until the report was prepared by EY, it was not ensured at DB – due to a lack of a uniform definition of the term "benchmark" – that all reference rates were notified to BSO and thus monitored by this function, and also that reference rates outside the responsibility of the CB&S division were not subject to monitoring by BSO. Against this background, EY has come to the conclusion that the submission processes in Market Risk Management, a division under the responsibility of Mr. Lewis, did not meet the criteria of proper business organization pursuant to Sec. 25a (1) KWG at least until March 2014.

c) Failure to address submission processes and misconduct

Furthermore, Mr. Lewis must face the allegation that, despite his responsibility as a Management Board member and Chief Risk Officer, he obviously did not address submission processes and identify earlier misconduct in connection with submissions at DB in a sufficiently in-depth manner, at least in the past. For instance, in a letter of 23 August 2013 sent to me, Mr. Lewis confirmed that Mr. Bittar had not had any connection to ISDAFIX submissions – a statement that had to be revoked about a year later.

d) Incorrect statement made to BaFin

Against the background of the above, Mr. Lewis must face the additional allegation that he made an incorrect written statement – albeit not on purpose – to BaFin in August 2013.

Technical infrastructure functions

Henry Ritchotte

Mr. Ritchotte was appointed to DB's Management Board as Chief Operating Officer on 1 June 2012. Prior thereto, he had been Co-Chief Operating Officer in Global Markets from 2009 and then took the position of Chief Operating Officer of this division directly afterwards, which position he held until 31 May 2012. In this connection, Mr. Ritchotte was also responsible for the operational management of the GFFX division in 2009, which division had been entrusted with the submission of the IBOR reference rates and in which the traders worked who were identified with regard to misconduct. As a Management Board member, Mr. Ritchotte was also responsible for GTO as from June 2012.

In view of Mr. Ritchotte's aggregate misconduct and the severity thereof, which manifested first and foremost by a failure to investigate as well as by inadequate investigation and improvement measures in connection with IBOR submissions, it must be stated that his misconduct is of a serious nature indeed. However, the fact must not be disregarded that Mr. Ritchotte is one of a very small number of people within senior management who took an early interest in an investigation of the IBOR issues at all.

a) Inadequate approach to low-balling

Mr. Ritchotte must face the allegation that he did not already intensively deal with low-balling starting in early 2009 (in his then current position as Co-Chief Operating Officer of Global Markets and, thus, operational head of GFFX), a phenomenon that was being observed in the market at the time, although this problem had in fact been known to him at the time as evidenced by an e-mail sent to Mr. Jain on 19 February 2009 and although he had had knowledge of the business strategy pursued by the GFFX division at least since November 2008. Against this background, it could indeed have been expected that Mr. Ritchotte – in view of his position and responsibility at the time – would initiate broad investigation measures within "his" corporate division in order to find out to what extent low-balling and other IBOR-related irregularities were an issue to be addressed also at DB.

b) BIRG review

It must furthermore be noted that Mr. Ritchotte had knowledge, as early as in September 2009, of the fact that Mr. Cloete, as the person responsible for GFFX, was actively participating in the preparation of the BIRG review report (TB II, margin no. 103), as a result of which he must at least have been aware that this could impair the independence of the BIRG review. However, EY's audit report does not mention any intervention by Mr. Ritchotte in this regard.

c) Inadequate improvement measures regarding the ISDAFIX submission processes

In addition, Mr Ritchotte must face the allegation that the implementation of the improvement measures proposed by the Business Solution Group (BSG) regarding the ISDAFIX submission processes merely focused on the USD ISDAFIX, whereas the HKD or JPY ISDAFIX submission processes, for example, were not investigated at all, although DB employees would have been able to manipulate them, too, and although, in EY's opinion, they would have had to be investigated as well.

d) Completeness of the EMARS system

Finally, Mr. Ritchotte, as the Management Board member responsible for GTO, must face the allegation that, prior to September 2013, there was no uniform process at DB for identifying platforms and software offering communication options and that no periodic checks as to the

completeness of EMARS had been implemented resulting in the fact that not all relevant data sources were taken into account in the bank's internal IBOR investigation. Therefore, Mr. Ritchotte was responsible for this malpractice for more than a year.

e) Investigations and measures ordered

In contrast, it must be noted in favor of Mr. Ritchotte that, in March 2009, he instructed BIRG to review the MMD Desk's P&L account against the background of the profit shares existing at the time. Furthermore, he took the suspicion of manipulation by the former trader Guillaume Adolph – of which he learned in June 2011 – as a reason to instruct BSG in July 2011 to record the submissions made by DB (except for LIBOR) and the controls existing in this regard, which was followed, at the suggestion of Mr. Ritchotte, by a review of the implementation of the resulting measures in November 2011. Finally, it must be noted that the measures eventually taken in the GTO division – for which Mr. Ritchotte had been responsible at the time – in 2013 to record the communication systems used at DB in EMARS are seen by EY as having been adequate and goal-oriented.

Hermann-Josef Lamberti

During the period investigated by EY until he left DB on 31 May 2012, Mr. Lamberti was a Management Board member and Chief Operating Officer with responsibility for Global Sourcing, Corporate Real Estate, IT, Settlement of Trading Activities and Human Resources.

Mr. Lamberti's misconduct mainly relates to his insufficient involvement in investigation measures and inadequate business processes in the GTO division – for which he had responsibility – which must be viewed as serious. It must also be notes that Mr. Lamberti was the only member of DB's senior management who did not consent to being questioned by EY.

a) No involvement in taking organizational and personnel consequences

It must be noted that, despite his having knowledge of regulators' inquiries directed at DB from March 2011 onwards, Mr. Lamberti himself did not actively participate in investigating the involvement of DB traders in potential IBOR manipulations.

b) Completeness of the EMARS system

Furthermore, as the Management Board member responsible for IT and, thus, also the GTO division, Mr. Lamberti is responsible for the fact that, until he left DB, there was no instructions and rules in place at DB regarding responsibility for the complete coverage of all communication platforms in EMARS, which meant, among other things, that not all relevant communication channels were taken into account in the bank's internal IBOR investigation. In the opinion of EY, there was thus no proper business organization within the meaning of Sec. 25a (1) KWG in the GTO division for coverage of the communication platforms used within DB and the collection of data contained therein.

Other Senior Management Review

I refer to the discussion in the audit report with regard to all other persons in the Senior Management Review.

As stated above, an overall organization and business environment was created in the GFFX division, which was responsible for the IBOR submissions, as well as in the other mentioned

divisions which eliminated control elements and favored or even facilitated the exploitation of conflicts of interest. Although EY concludes that there were no indications that current or former members of the Management Board as well as the GEC knew about manipulations by employees of DB prior to 2011 or had instructed employees to engage in such manipulations, especially Mr. Jain, as the responsible person for the division, is alleged to have created a business and organizational environment which favoured incorrect IBOR submissions or even made such incorrect submissions possible in the first place. The suspicion exists against Mr. Cloete and Mr. Faissola that they already knew about manipulative acts at DB prior to 2011. Furthermore, Mr. Cloete, in his function as former head of the GFFX division, has decisive responsibility for the business and organizational environment of the IBOR submissions.

I also consider a particularly serious aspect to be that both during the course of your internal investigations and when dealing with the IBOR issue at DB, the conclusion must be drawn that necessary learning effects were either not obtained, or the resulting consequences are not sufficient. This applies both to dealing with regulators as well as changes in internal structures and procedures.

The responsible individuals especially in the trading division committed serious omissions within their respective areas of responsibility which are not compatible with proper management and proper business organization. Proper management in these divisions did not even exist until the audit by EY. In particular, it cannot be determined for the time period prior to the discontinuance of the ISDAFIX submissions by DB in April 2014 and for the IBOR submissions until at least the middle of 2014 that Mr. Jain and Mr. Cloete took all necessary action to establish proper ISDAFIX and IBOR processes.

I have been astonished to learn in recent months from the press that the suggestion is that the audit by BaFin supposedly resulted in clearing the senior management of DB, especially Mr. Jain, and that supposedly no banking supervisory measures are expected in this regard. In light of this background I expressly want to point out to you that this is not correct. From the point of view of banking supervision, the fulfilling of obligations for the proper management and the personal, active involvement in cases of manipulation play an equally decisive role for the imposition of measures.

I will compile the results of my analysis with the results of other audits of the CB&S division and obtain a comprehensive picture about the events and the responsibilities in this business segment in an overall assessment. I will also finally examine the imposition of banking supervisory measures. I am already now giving you the possibility to comment on today's letter and to provide me with such comments within the next eight weeks.

The chairman of the Supervisory Board of your institution, Dr. Achleitner, the European Central Bank as well as the *Deutsche Bundesbank*, main office in Hessen, are receiving a copy of this letter.

Yours sincerely

As representative

[signature]

Frauke Menke
Department President [seal of the Federal Financial Supervisory Authority]